

SENATE BILL REPORT

SB 6350

As Reported by Senate Committee On:
Energy, Environment & Technology, January 31, 2018

Title: An act relating to promoting renewable energy by advancing the development of geothermal resources.

Brief Description: Promoting renewable energy by advancing the development of geothermal resources.

Sponsors: Senators Brown and Honeyford.

Brief History:

Committee Activity: Energy, Environment & Technology: 1/30/18, 1/31/18 [DPS-WM].

Brief Summary of First Substitute Bill

- Requires the Department of Natural Resources (DNR) to maintain an inventory and map of state-owned lands suspected of having potential for geothermal resource production.
- Requires DNR to accept a surety or security arrangement covering more than one well if proposed by an operator.
- Requires the Joint Center for Deployment and Research in Earth-Abundant Materials (JCDREAM) to promote and provide collaboration on research methods and technologies regarding geothermal power plants.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 6350 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Ericksen, Ranking Member; Brown, Hawkins, Hobbs, McCoy, Ranker, Sheldon and Wellman.

Staff: Angela Kleis (786-7469)

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

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geological or geophysical data to find and delineate a favorable geothermal area prior to drilling a well.

DNR. DNR is authorized to regulate the drilling, operation, maintenance, abandonment, and restoration of geothermal areas to (1) prevent damage to and waste from underground geothermal deposits; and (2) prevent damage to underground and surface waters, land, or air that may result from improper drilling, operation, maintenance, or abandonment of geothermal resource wells.

An operator drilling, re-drilling, or deepening any well or core hole must file a performance bond with DNR for approval. DNR, in its discretion, may accept a single surety or security arrangement covering more than one well or core hole. Operator means the person supervising the operation of a geothermal resource well, regardless of whether the person is the owner of the well.

JCDREAM. The Legislature created JCDREAM in 2015, which is a multi-institutional education and research center under the authority of the University of Washington and Washington State University. JCDREAM's purpose is to:

- establish a program in earth-abundant materials to accelerate the development of next generation clean energy and transportation technologies in Washington;
- establish a coordinated framework to drive research and deployment of earth-abundant materials and the recycling of advanced materials used in clean technologies; and
- promote environmentally responsible processes for the manufacturing and recycling of advanced materials.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): DNR. DNR must develop, periodically revise, and publish an inventory and map of state-owned lands suspected of having great potential for geothermal resource production. DNR is prohibited from constructing or operating commercial geothermal facilities. DNR must accept a surety or security arrangement covering more than one well if proposed by an operator.

JCDREAM. In addition to current purposes, JCDREAM must promote and provide collaboration on research methods and technologies that will allow for the economical extraction of metals, minerals, and rare earth elements from underground fluids brought to the surface by geothermal power plants.

The Legislature intends to fund research of methods and technologies that will allow for the economical extraction of metals, minerals, and rare earth elements from underground fluids brought to the surface by geothermal power plants

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TECHNOLOGY COMMITTEE (First Substitute):

- Removes the findings section.

- Removes the qualifier "state-owned lands" from operator drilling bonding requirements.
- Requires DNR to accept a surety or security arrangement covering more than one well if proposed by an operator.
- Removes the modification to EFSEC requirements.

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 Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: A lab has developed a process to extract rare earth minerals when drilling geothermal wells. This would further reduce our dependence on third world countries for rare earth minerals. Washington has great geological formations that are perfectly poised for geothermal research and development. We want to further the development of geothermal resources in the state. It is good to have the state-wide bond provision. All states with geothermal energy resources have a bond provision that allows developers to bond all of the wells they are developing at once. We are interested in reclaiming resources from the fluids.

Persons Testifying: PRO: Senator Sharon Brown, Prime Sponsor; Susan Petty, President, AltaRock Energy, Inc..

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