



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, March 3, 2023
10:15 AM
State Capitol, Conference Room 211 and Videoconference

Providing **COMMENTS** on
SB 458, SD1

RELATING TO GEOTHERMAL ROYALTIES.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SB 458, SD1. SB 458, SD1 clarifies the funds deposited into the newly created University Innovation and Commercialization Initiative Special Fund are to be used for geothermal exploration, deletes the royalties cap, reallocates 10% of the royalties to the county where mining operations occur, and makes other changes.

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 wholly supports funding for the University of Hawai'i's Hawai'i Groundwater and Geothermal Resources Center (HGGRC) to further the discovery and development

of geothermal resources and for exploratory wells. HSEO has collaborated with HGGRC in the past and values HGGRC's experience and expertise in this field.

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.