

Energy and Mineral Resources hearing on HR 3709, the Geothermal Production Expansion Act

Written Testimony

U.S. Rep. Jay Inslee (WA-01)

I want to thank Chairman Costa for agreeing to hold this hearing on the bipartisan Geothermal Energy Production Expansion Act, which is co-led by Reps. Simpson and Minnick of Idaho, and which is cosponsored by Reps. Blumenauer, Walden, and Rep. DeFazio of the Natural Resources Committee. I would also like to express my appreciation to the witnesses who have travelled here to discuss geothermal energy production.

Geothermal energy has great potential to add domestically produced clean energy to the American grid, and is especially promising as a renewable resource because, unlike intermittent renewable resources like wind, it is a base-load power source which doesn't require any fossil fuel backup. The Geothermal Energy Production Expansion Act (HR 3709) is a targeted approach to ensure that valid geothermal discoveries are developed, many of which are adjacent to, or are on public lands.

H.R. 3709 will ensure that those who have invested substantial capital and made high-risk investments are able to produce clean geothermal energy resources, will create American jobs in rural communities, and American taxpayers will benefit from the royalties generated from electricity production on federal land.

The technologies used to produce renewable geothermal energy are available today and can be cost-competitive with traditional resources. A 2009 report from international investment bank Credit Suisse, says geothermal power costs 3.6 cents per kilowatt-hour, versus 5.5 cents per kilowatt-hour for coal, when coupled with the tax credits available in the American Recovery and Reinvestment Act.

Geothermal energy is everywhere beneath our feet, but particularly abundant in the West, in places like California, Nevada, Oregon, Washington, Utah, Hawaii, Idaho, Alaska, Colorado, Wyoming and New Mexico. The Geothermal Energy Association reports that projects are also underway in Florida, Louisiana and Mississippi. Local geothermal developers in my home state of Washington include Altarock, the consumer-owned Snohomish County PUD, and Sierra Geothermal Power Corp.

The United States Geological Survey's (USGS) 2008 assessment of geothermal power in the United States estimates that the United States possesses over 400,000 MW of geothermal energy that could be exploited using today's technology. Because federal lands hold 50 percent of the U.S. capacity for geothermal production, it's important that our current leasing system allows for development when the projects meet certain criteria and environmental laws.

Our existing leasing system needs improvement because developers who take on the upfront cost of exploration and make a valid discovery are then bid out of the market by speculators who bid up the lease cost of federal lands adjacent to valid discoveries. In many cases, the end result is the development is halted and no clean energy comes online.

The Energy Policy Act of 2005 included three exemptions from the competitive leasing process under narrow circumstances, and H.R. 3709 would add a fourth category for qualified companies who hold legal rights to develop geothermal on adjoining lands. The qualified lessee would be limited to one non-competitive lease per discovery and no more than 640 acres, or 1 square mile. Additionally, the Secretary of the Interior would establish a market-based fee for the land in each individual circumstance. As an added benefit, the bill will significantly accelerate the development of geothermal projects by reducing the time spent on nominating and waiting for an auction, which can add a minimum of one to two years to the development phase of a geothermal resource.

This narrow change to the law will encourage the development of geothermal resources. I'm looking forward to the second panel's testimony to hear additional thoughts about how we can expand geothermal production in the United States. It is my hope that we will be able to take input from this hearing and that I will be able to work with Chairman Costa, Ranking Member Lamborn, and the Administration to address any concerns about the bill, so that we can pass a bill that ensures an increase of geothermal production.