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of State
Legislatures**

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GEOHERMAL POLICY PROJECT

Introduction

Geothermal resources derive from the earth's natural internal heat. When transported to the surface, this heat energy may be economically applied for a variety of uses, including electric generation, heating and cooling of buildings, commercial heat-processing and in agricultural cropdrying, greenhouses and soil heating.

To develop available geothermal resources, commercial investments must expand greatly beyond their present level. Rapid development is impeded, however, by numerous legal and institutional difficulties. The geothermal industry is hobbled by unsuitable provisions in state and federal leases, obstructive applications of state water laws and ambiguous or discriminatory tax statutes. In some states, laws to regulate the development and use of available geothermal resources have not been enacted.

The scope for state policy review therefore is great. Important policy areas that need to be addressed include ownership and appropriation of the resource, field development and pollution control, financing, taxation, power of eminent domain and utility franchise authorizations. Proper use of the resource requires that these policies be suited to the character of geothermal development. The NCSL Geothermal Policy Project is designed to help states achieve this objective.

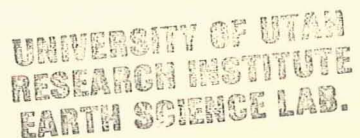
Project Goal

The project's goal is to stimulate and assist the review of state policies that affect the development of geothermal resources. Successful completion of the project should help establish state statutes and regulations that are consistent with efficient development of geothermal resources.

Reference Materials

Information provided to project states will include

- "Packet of Background Materials" — a comprehensive gathering of information on the nature of geothermal resources and the various development opportunities available including important state legislation and research studies;
- "Geothermal Pamphlet" — an introduction to the nature of geothermal resources, their beneficial uses and the role of state policies;
- "State Profile" — a concise description of a state's potential benefits from geothermal development and leading policy concerns, including an outline of the location and character of the state's geothermal resources and its potential applications;
- "Summary of State Actions" — a summary of state study results and legislative actions taken during the year.



State Presentations and Technical Assistance

As part of the policy review process, the project will provide individual assistance at the request of the state. In the form of workshops or through more informal contacts, project staff will assist in such areas as analyzing policy alternatives, describing legislative action taken in other states, and identifying important studies, expert witnesses and concerned parties available for assistance.

Assistance From Experts

To insure that the policy reviews conducted are thorough and complete, the project is designed so that the states receive the expertise of all parties concerned with geothermal development. Participating in the multifaceted effort will be

- State legislators;
- State legislative staff;
- State and local officials;
- Geothermal developers, investors, utilities and other concerned private groups;
- Consultants from public and private research institutions; and
- Representatives of the Division of Geothermal Resources, U.S. Department of Energy.

State Selection and Involvement

States will be selected to participate in the project on the basis of several criteria. The most important will be an indication of interest by key legislators and staff in participating in the project, a significant potential for development of geothermal resources and an established mechanism within the state legislature that allows for the type of policy review envisioned by the project.

Initial contact will be made with committee chairmen and key legislative staff who would appropriately be involved in project activities. If substantial interest in the project is expressed, the concurrence of legislative leadership for the state's participation in the project will be sought. Upon selection, a work plan will be designed to outline project activities and determine the exact type of geothermal policy review that will be undertaken. This work plan will take into consideration the unique characteristics of the state including the specific operation and timing of its legislative processes. The level of involvement and the type of commitment on the state's part will depend on several factors, including geothermal policy reviews already completed or under way, legislative time tables and staffing available for assistance.

Project Management and Structure

The Geothermal Policy Project is headquartered in the Denver office of the National Conference of State Legislatures. Project staff consists of a Project Director, Associate Director, Research Associate and Administrative Assistant. In addition to this central staff, the project will receive assistance and overall direction from an Advisory Committee made up of key legislators from project states. Also, the project will secure a group of technical consultants to assist in its efforts. These consultants will represent the expertise of utility suppliers, geothermal developers, federal officials, and others with experience in development of geothermal resources.

National Conference of State Legislatures

The National Conference of State Legislatures, the official representative of the nation's 7,600 state legislators and their staffs, works to help lawmakers meet the challenges of the complex federal system. Headquartered in Denver, Colorado, with an office of state-federal relations in Washington, D.C., the NCSL is a non-partisan organization funded by the states and governed by a 43-member Executive Committee.

To assist states with energy policy questions, the Conference has undertaken special study projects and published several reports. State Policies for Geothermal Development, Analysis of State Solar Energy Options, and Turning Toward the Sun were produced in response to the strong interest of states in alternative energy sources. The NCSL Energy Policy Project publishes a bi-weekly newsletter titled Energy Report to the States and annually issues Energy: The States' Response, a compilation and review of all energy legislation enacted by the states that year.

Because energy issues are among the most important facing state legislatures, NCSL is expanding its energy-related activities. The Geothermal Policy Project is an important part of this effort.

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