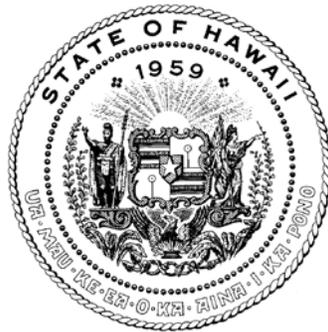


Report to the Twenty-Seventh Legislature
Regular Session of 2014

**GEOHERMAL ROYALTY DISPOSITIONS
AND
STATUS OF GEOHERMAL AND CABLE SYSTEM DEVELOPMENT
FISCAL YEAR 2012-2013**



Prepared by the

Department of Land and Natural Resources
State of Hawaii

In response to
Sections 182-18 and 196D-11, Hawaii Revised Statutes

November 2013

**GEOTHERMAL ROYALTIES DISPOSITIONS
AND
STATUS OF GEOTHERMAL AND CABLE SYSTEM DEVELOPMENT
FISCAL YEAR 2012-2013**

This report is prepared pursuant to Sections 182-18 and 196D-11, Hawaii Revised Statutes (HRS), and covers the Fiscal Year (FY) 2012-2013 (July 1, 2012 through June 30, 2013).

Section 182-18, HRS - Geothermal Royalties

During FY 2012-2013, a total of \$2,538,412 in geothermal royalties was received from Puna Geothermal Venture (PGV). In accordance with statutory provisions, \$761,523.60 (30%) was distributed to the County of Hawaii. Additionally, \$507,682.40 (20%) was distributed to the Office of Hawaiian Affairs. Geothermal royalties for FY 2012-2013 were based on power production and sale of 265,888.24 MWh_e to Hawaii Electric Light Company (HELCO) at an average production of 30.33 MW_e. The Department of Land and Natural Resources (DLNR) expended \$735,913 on geothermal resource management activities during the FY.

During this period, PGV performed repair work (liner replacement) on several of their wells (KS-1A, KS-13, KS-11 and KS-3). PGV also perforated their KS-15 well.

Section 196D-11, HRS - Geothermal and Cable System Development

DLNR is responsible for the effective management of geothermal resources and its development, to protect the health and safety of the public and to ensure the continued viability of the resource for the future. Currently, the Island of Hawaii is the only island benefiting from geothermal development. Power generation from geothermal energy began in May 1993 and, on average, annually provides more than 20% of the Island's power demands.

The Mineral Resources Program within DLNR was abolished in 1995 in response to budget reductions. Statutory and other related responsibilities were performed on an "ad hoc" basis under other departmental programs within DLNR's Engineering Division. Funding for two positions to perform statutory, regulatory and resource management duties was approved by the 2011 Legislature. An additional two positions were approved by the 2012 Legislature. During the FY, three of the four positions (Engineer, Mineral Resources Specialist and Secretary) have been filled, with the fourth (Geologist) still under recruitment.

No program work was performed during the FY to effectuate the intent of this statute regarding an interisland deep water electrical transmission cable system.