

Plan steams geothermal group

By Rod Thompson
Big Island correspondent

SB
9/28/93
AC

HILO — The Board of Land and Natural Resources' decision to adopt a formula for geothermal royalties paid to the state by developers has been criticized by a pro-geothermal group.

On Friday, the land board approved a formula that would produce about \$450,000 for the state in the first year. The amount would increase in later years.

The geothermal industry and its supporters wanted no payments to the state for up to 14 years.

In a statement, the Hawaii Geothermal Alliance "lashed out" at the land board decision.

June Curtis, chairwoman of the pro-geothermal group, called the adopted formula "unfair and exorbitant" and "dramatically higher" than mainland royalties.

"Once again, the state of Hawaii has sent a negative message to the world that it is anti-business, anti-consumer, anti-environment and anti-home rule," Curtis said.

The no-payment formula had also been supported by the state Department of Business, Economic Development and Tourism, Big Island Mayor Stephen Yamashiro, Hawaii County Council Chair-

man Kalani Schutte and Vice Chairman Brian DeLima.

After Friday's vote, Puna Geothermal Venture requested a court-like contested case hearing that could overturn the vote.

A report by Manabu Tagomori, Division of Water and Land Development head, undercut the pro-geothermal alliance's complaint.

The unmodified federal formula would put the value of geothermal steam at less than zero for seven to 14 years, the report said. "It is not realistic and reasonable to the resource owner (the state) to claim the resource has no value in the initial years. . . ."

The land board adopted a modified federal formula, proposed by Tagomori, which puts the value of geothermal steam at 30 percent of a company's electricity sales.

That's still less than what developers typically pay on nonfederal land in the western United States, the report said. There, the steam is generally valued at 35 to 50 percent of electricity sales, with some figures as high as 70 percent.

Of the money collected, 50 percent of the total would go to the state, 30 percent to Hawaii County and 20 percent to the Office of Hawaiian Affairs.