

**[DISCUSSION DRAFT]**

SEPTEMBER 23, 2003

1           **TITLE \_\_\_\_—RENEWABLE**  
2                           **ENERGY**

3           **Subtitle A—General Provisions**

4   **SEC. \_\_\_\_01. ASSESSMENT OF RENEWABLE ENERGY RE-**  
5                           **SOURCES.**

6           (a) **RESOURCE ASSESSMENT.**—Not later than 6  
7 months after the date of enactment of this Act, and each  
8 year thereafter, the Secretary of Energy shall review the  
9 available assessments of renewable energy resources with-  
10 in the United States, including solar, wind, biomass, ocean  
11 (tidal, wave, current, and thermal), geothermal, and hy-  
12 droelectric energy resources, and undertake new assess-  
13 ments as necessary, taking into account changes in market  
14 conditions, available technologies, and other relevant fac-  
15 tors.

16           (b) **CONTENTS OF REPORTS.**—Not later than 1 year  
17 after the date of enactment of this Act, and each year  
18 thereafter, the Secretary shall publish a report based on  
19 the assessment under subsection (a). The report shall  
20 contain—

21                   (1) a detailed inventory describing the available  
22                   amount and characteristics of the renewable energy  
23                   resources; and



1 ments for electric production from all qualified renewable  
2 energy facilities in any given year, the Secretary shall as-  
3 sign 60 percent of appropriated funds for that year to fa-  
4 cilities that use solar, wind, geothermal, or closed-loop  
5 (dedicated energy crops) biomass technologies to generate  
6 electricity, and assign the remaining 40 percent to other  
7 projects. The Secretary may, after transmitting to the  
8 Congress an explanation of the reasons therefor, alter the  
9 percentage requirements of the preceding sentence.”.

10 (b) QUALIFIED RENEWABLE ENERGY FACILITY.—  
11 Section 1212(b) of the Energy Policy Act of 1992 (42  
12 U.S.C. 13317(b)) is amended as follows:

13 (1) By striking “a State or any political” and  
14 all that follows through “nonprofit electrical cooper-  
15 ative” and inserting “a not-for-profit electric cooper-  
16 ative, a public utility described in section 115 of the  
17 Internal Revenue Code of 1986, a State, Common-  
18 wealth, territory, or possession of the United States  
19 or the District of Columbia, or a political subdivision  
20 thereof, or an Indian tribal government or subdivi-  
21 sion thereof,”.

22 (2) By inserting “landfill gas,” after “wind,  
23 biomass,”.

24 (c) ELIGIBILITY WINDOW.—Section 1212(c) of the  
25 Energy Policy Act of 1992 (42 U.S.C. 13317(c)) is

1 amended by striking “during the 10-fiscal year period be-  
2 ginning with the first full fiscal year occurring after the  
3 enactment of this section” and inserting “after October  
4 1, 2003, and before October 1, 2013”.

5 (d) AMOUNT OF PAYMENT.—Section 1212(e)(1) of  
6 the Energy Policy Act of 1992 (42 U.S.C. 13317(e)(1))  
7 is amended by inserting “landfill gas,” after “wind, bio-  
8 mass,”.

9 (e) SUNSET.—Section 1212(f) of the Energy Policy  
10 Act of 1992 (42 U.S.C. 13317(f)) is amended by striking  
11 “the expiration of” and all that follows through “of this  
12 section” and inserting “September 30, 2023”.

13 (f) AUTHORIZATION OF APPROPRIATIONS.—Section  
14 1212(g) of the Energy Policy Act of 1992 (42 U.S.C.  
15 13317(g)) is amended to read as follows:

16 “(g) AUTHORIZATION OF APPROPRIATIONS.—

17 “(1) IN GENERAL.—Subject to paragraph (2),  
18 there are authorized to be appropriated such sums  
19 as may be necessary to carry out this section for fis-  
20 cal years 2003 through 2023.

21 “(2) AVAILABILITY OF FUNDS.—Funds made  
22 available under paragraph (1) shall remain available  
23 until expended.”.

1 **SEC. \_\_\_\_03. FEDERAL PURCHASE REQUIREMENT.**

2 (a) REQUIREMENT.—The President, acting through  
3 the Secretary of Energy, shall seek to ensure that, to the  
4 extent economically feasible and technically practicable, of  
5 the total amount of electric energy the Federal Govern-  
6 ment consumes during any fiscal year, the following  
7 amounts shall be renewable energy:

8 (1) Not less than 3 percent in fiscal years 2005  
9 through 2007.

10 (2) Not less than 5 percent in fiscal years 2008  
11 through 2010.

12 (3) Not less than 7.5 percent in fiscal year  
13 2011 and each fiscal year thereafter.

14 (b) DEFINITION.—For purposes of this section:

15 (1) The term “biomass” means any solid, non-  
16 hazardous, cellulosic material that is derived from—

17 (A) any of the following forest-related re-  
18 sources: mill residues, precommercial thinnings,  
19 slash, and brush, or nonmerchantable material;

20 (B) solid wood waste materials, including  
21 waste pallets, crates, dunnage, manufacturing  
22 and construction wood wastes (other than pres-  
23 sure-treated, chemically-treated, or painted  
24 wood wastes), and landscape or right-of-way  
25 tree trimmings, but not including municipal  
26 solid waste (garbage), gas derived from the bio-

1 degradation of solid waste, or paper that is  
2 commonly recycled; or

3 (C) agriculture wastes, including orchard  
4 tree crops, vineyard, grain, legumes, sugar, and  
5 other crop by-products or residues, and live-  
6 stock waste nutrients; or

7 (D) a plant that is grown exclusively as a  
8 fuel for the production of electricity.

9 (2) The term “renewable energy” means elec-  
10 tric energy generated from solar, wind, biomass,  
11 landfill gas, geothermal, municipal solid waste, or  
12 new hydroelectric generation capacity achieved from  
13 increased efficiency or additions of new capacity at  
14 an existing hydroelectric project.

15 (c) CALCULATION.—For purposes of determining  
16 compliance with the requirement of this section, the  
17 amount of renewable energy shall be doubled if—

18 (1) the renewable energy is produced and used  
19 on-site at a Federal facility;

20 (2) the renewable energy is produced on Fed-  
21 eral lands and used at a Federal facility; or

22 (3) the renewable energy is produced on Indian  
23 land as defined in title XXVI of the Energy Policy  
24 Act of 1992 (25 U.S.C. 3501 et. seq.) and used at  
25 a Federal facility.

1 (d) REPORT.—Not later than April 15, 2005, and  
2 every 2 years thereafter, the Secretary of Energy shall  
3 provide a report to the Congress on the progress of the  
4 Federal Government in meeting the goals established by  
5 this section.

6 **SEC. \_\_\_ 04. INSULAR AREAS ENERGY SECURITY.**

7 Section 604 of the Act entitled “An Act to authorize  
8 appropriations for certain insular areas of the United  
9 States, and for other purposes”, approved December 24,  
10 1980 (Public Law 96–597; 94 Stat. 3480–3481), is  
11 amended as follows:

12 (1) In subsection (a)(4) by striking the period  
13 and inserting a semicolon;

14 (2) By adding at the end of subsection (a) the  
15 following new paragraphs:

16 “(5) electric power transmission and distribu-  
17 tion lines in insular areas are inadequate to with-  
18 stand damage caused by the hurricanes and ty-  
19 phoons which frequently occur in insular areas and  
20 such damage often costs millions of dollars to repair;  
21 and

22 “(6) the refinement of renewable energy tech-  
23 nologies since the publication of the 1982 Territorial  
24 Energy Assessment prepared pursuant to subsection  
25 (c) reveals the need to reassess the state of energy

1 production, consumption, infrastructure, reliance on  
2 imported energy, opportunities for energy conserva-  
3 tion and increased energy efficiency, and indigenous  
4 sources in regard to the insular areas.”.

5 (3) By amending subsection (e) to read as fol-  
6 lows:

7 “(e)(1) The Secretary of the Interior, in consultation  
8 with the Secretary of Energy and the head of government  
9 of each insular area, shall update the plans required under  
10 subsection (e) by—

11 “(A) updating the contents required by sub-  
12 section (c);

13 “(B) drafting long-term energy plans for such  
14 insular areas with the objective of reducing, to the  
15 extent feasible, their reliance on energy imports by  
16 the year 2010, increasing energy conservation and  
17 energy efficiency, and maximizing, to the extent fea-  
18 sible, use of indigenous energy sources; and

19 “(C) drafting long-term energy transmission  
20 line plans for such insular areas with the objective  
21 that the maximum percentage feasible of electric  
22 power transmission and distribution lines in each in-  
23 sular area be protected from damage caused by hur-  
24 ricanes and typhoons.

1       “(2) Not later than December 31, 2005, the Sec-  
2 retary of the Interior shall submit to the Congress the up-  
3 dated plans for each insular area required by this sub-  
4 section.”.

5           (4) By amending subsection (g)(4) to read as  
6 follows:

7           “(4) POWER LINE GRANTS FOR TERRI-  
8 TORIES.—

9           “(A) IN GENERAL.—The Secretary of the  
10 Interior is authorized to make grants to govern-  
11 ments of territories of the United States to  
12 carry out eligible projects to protect electric  
13 power transmission and distribution lines in  
14 such territories from damage caused by hurri-  
15 canes and typhoons.

16           “(B) ELIGIBLE PROJECTS.—The Secretary  
17 may award grants under subparagraph (A) only  
18 to governments of territories of the United  
19 States that submit written project plans to the  
20 Secretary for projects that meet the following  
21 criteria:

22           “(i) The project is designed to protect  
23 electric power transmission and distribu-  
24 tion lines located in one or more of the ter-

1                   ritories of the United States from damage  
2                   caused by hurricanes and typhoons.

3                   “(ii) The project is likely to substan-  
4                   tially reduce the risk of future damage,  
5                   hardship, loss, or suffering.

6                   “(iii) The project addresses one or  
7                   more problems that have been repetitive or  
8                   that pose a significant risk to public health  
9                   and safety.

10                  “(iv) The project is not likely to cost  
11                  more than the value of the reduction in di-  
12                  rect damage and other negative impacts  
13                  that the project is designed to prevent or  
14                  mitigate. The cost benefit analysis required  
15                  by this criterion shall be computed on a  
16                  net present value basis.

17                  “(v) The project design has taken into  
18                  consideration long-term changes to the  
19                  areas and persons it is designed to protect  
20                  and has manageable future maintenance  
21                  and modification requirements.

22                  “(vi) The project plan includes an  
23                  analysis of a range of options to address  
24                  the problem it is designed to prevent or

1 mitigate and a justification for the selec-  
2 tion of the project in light of that analysis.

3 “(vii) The applicant has demonstrated  
4 to the Secretary that the matching funds  
5 required by subparagraph (D) are avail-  
6 able.

7 “(C) PRIORITY.—When making grants  
8 under this paragraph, the Secretary shall give  
9 priority to grants for projects which are likely  
10 to—

11 “(i) have the greatest impact on re-  
12 ducing future disaster losses; and

13 “(ii) best conform with plans that  
14 have been approved by the Federal Govern-  
15 ment or the government of the territory  
16 where the project is to be carried out for  
17 development or hazard mitigation for that  
18 territory.

19 “(D) MATCHING REQUIREMENT.—The  
20 Federal share of the cost for a project for which  
21 a grant is provided under this paragraph shall  
22 not exceed 75 percent of the total cost of that  
23 project. The non-Federal share of the cost may  
24 be provided in the form of cash or services.

1           “(E) TREATMENT OF FUNDS FOR CERTAIN  
2           PURPOSES.—Grants provided under this para-  
3           graph shall not be considered as income, a re-  
4           source, or a duplicative program when deter-  
5           mining eligibility or benefit levels for Federal  
6           major disaster and emergency assistance.

7           “(F) AUTHORIZATION OF APPROPRIA-  
8           TIONS.—There are authorized to be appro-  
9           priated to carry out this paragraph \$5,000,000  
10          for each fiscal year beginning after the date of  
11          the enactment of this paragraph.”.

12 **SEC. \_\_\_05. USE OF PHOTOVOLTAIC ENERGY IN PUBLIC**  
13                                   **BUILDINGS.**

14          (a) IN GENERAL.—Subchapter VI of chapter 31 of  
15          title 40, United States Code, is amended by adding at the  
16          end the following:

17 **“§ 3177. Use of photovoltaic energy in public build-**  
18                                   **ings**

19          “(a) PHOTOVOLTAIC ENERGY COMMERCIALIZATION  
20          PROGRAM.—

21                 “(1) IN GENERAL.—The Administrator of Gen-  
22                 eral Services may establish a photovoltaic energy  
23                 commercialization program for the procurement and  
24                 installation of photovoltaic solar electric systems for

1 electric production in new and existing public build-  
2 ings.

3 “(2) PURPOSES.—The purposes of the program  
4 shall be to accomplish the following:

5 “(A) To accelerate the growth of a com-  
6 mercially viable photovoltaic industry to make  
7 this energy system available to the general pub-  
8 lic as an option which can reduce the national  
9 consumption of fossil fuel.

10 “(B) To reduce the fossil fuel consumption  
11 and costs of the Federal Government.

12 “(C) To attain the goal of installing solar  
13 energy systems in 20,000 Federal buildings by  
14 2010, as contained in the Federal Government’s  
15 Million Solar Roof Initiative of 1997.

16 “(D) To stimulate the general use within  
17 the Federal Government of life-cycle costing  
18 and innovative procurement methods.

19 “(E) To develop program performance  
20 data to support policy decisions on future incen-  
21 tive programs with respect to energy.

22 “(3) ACQUISITION OF PHOTOVOLTAIC SOLAR  
23 ELECTRIC SYSTEMS.—

24 “(A) IN GENERAL.—The program shall  
25 provide for the acquisition of photovoltaic solar

1 electric systems and associated storage capa-  
2 bility for use in public buildings.

3 “(B) ACQUISITION LEVELS.—The acquisi-  
4 tion of photovoltaic electric systems shall be at  
5 a level substantial enough to allow use of low-  
6 cost production techniques with at least 150  
7 megawatts (peak) cumulative acquired during  
8 the 5 years of the program.

9 “(4) ADMINISTRATION.—The Administrator  
10 shall administer the program and shall—

11 “(A) prescribe such rules and regulations  
12 as may be appropriate to monitor and assess  
13 the performance and operation of photovoltaic  
14 solar electric systems installed pursuant to this  
15 subsection;

16 “(B) develop innovative procurement strat-  
17 egies for the acquisition of such systems; and

18 “(C) transmit to the Congress an annual  
19 report on the results of the program.

20 “(b) PHOTOVOLTAIC SYSTEMS EVALUATION PRO-  
21 GRAM.—

22 “(1) IN GENERAL.—Not later than 60 days  
23 after the date of enactment of this section, the Ad-  
24 ministrator, in consultation with the Secretary of  
25 Energy, shall establish a photovoltaic solar energy

1 systems evaluation program to evaluate such photo-  
2 voltaic solar energy systems as are required in public  
3 buildings.

4 “(2) PROGRAM REQUIREMENT.—In evaluating  
5 photovoltaic solar energy systems under the pro-  
6 gram, the Administrator shall ensure that such sys-  
7 tems reflect the most advanced technology.

8 “(c) AUTHORIZATION OF APPROPRIATIONS.—

9 “(1) PHOTOVOLTAIC ENERGY COMMERCIALIZA-  
10 TION PROGRAM.—There are authorized to be appro-  
11 priated to carry out subsection (a) \$50,000,000 for  
12 each of fiscal years 2004 through 2008. Such sums  
13 shall remain available until expended.

14 “(2) PHOTOVOLTAIC SYSTEMS EVALUATION  
15 PROGRAM.—There are authorized to be appropriated  
16 to carry out subsection (b) \$10,000,000 for each of  
17 fiscal years 2004 through 2008. Such sums shall re-  
18 main available until expended.”.

19 (b) CONFORMING AMENDMENT.—The section anal-  
20 ysis for such chapter is amended by inserting after the  
21 item relating to section 3176 the following:

“3177. Use of photovoltaic energy in public buildings.”.

1 **SEC. \_\_\_\_06. GRANTS TO IMPROVE THE COMMERCIAL**  
2 **VALUE OF FOREST BIOMASS FOR ELECTRIC**  
3 **ENERGY, USEFUL HEAT, TRANSPORTATION**  
4 **FUELS, PETROLEUM-BASED PRODUCT SUB-**  
5 **STITUTES, AND OTHER COMMERCIAL PUR-**  
6 **POSES.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) Thousands of communities in the United  
9 States, many located near Federal lands, are at risk  
10 to wildfire. Approximately 190,000,000 acres of land  
11 managed by the Secretary of Agriculture and the  
12 Secretary of the Interior are at risk of catastrophic  
13 fire in the near future. The accumulation of heavy  
14 forest fuel loads continues to increase as a result of  
15 disease, insect infestations, and drought, further  
16 raising the risk of fire each year.

17 (2) In addition, more than 70,000,000 acres  
18 across all land ownerships are at risk to higher than  
19 normal mortality over the next 15 years from insect  
20 infestation and disease. High levels of tree mortality  
21 from insects and disease result in increased fire risk,  
22 loss of old growth, degraded watershed conditions,  
23 and changes in species diversity and productivity, as  
24 well as diminished fish and wildlife habitat and de-  
25 creased timber values.

1           (3) Preventive treatments such as removing fuel  
2 loading, ladder fuels, and hazard trees, planting  
3 proper species mix and restoring and protecting  
4 early successional habitat, and other specific restora-  
5 tion treatments designed to reduce the susceptibility  
6 of forest land, woodland, and rangeland to insect  
7 outbreaks, disease, and catastrophic fire present the  
8 greatest opportunity for long-term forest health by  
9 creating a mosaic of species-mix and age distribu-  
10 tion. Such prevention treatments are widely acknowl-  
11 edged to be more successful and cost effective than  
12 suppression treatments in the case of insects, dis-  
13 ease, and fire.

14           (4) The byproducts of preventive treatment  
15 (wood, brush, thinnings, chips, slash, and other haz-  
16 ardous fuels) removed from forest lands, woodlands  
17 and rangelands represent an abundant supply of bio-  
18 mass for biomass-to-energy facilities and raw mate-  
19 rial for business. There are currently few markets  
20 for the extraordinary volumes of byproducts being  
21 generated as a result of the necessary large-scale  
22 preventive treatment activities.

23           (5) The United States should—

24                   (A) promote economic and entrepreneurial  
25 opportunities in using byproducts removed

1 through preventive treatment activities related  
2 to hazardous fuels reduction, disease, and insect  
3 infestation; and

4 (B) develop and expand markets for tradi-  
5 tionally underused wood and biomass as an out-  
6 let for byproducts of preventive treatment ac-  
7 tivities.

8 (b) DEFINITIONS.—In this section:

9 (1) BIOMASS.—The term “biomass” means  
10 trees and woody plants, including limbs, tops, nee-  
11 dles, and other woody parts, and byproducts of pre-  
12 ventive treatment, such as wood, brush, thinnings,  
13 chips, and slash, that are removed—

14 (A) to reduce hazardous fuels; or

15 (B) to reduce the risk of or to contain dis-  
16 ease or insect infestation.

17 (2) INDIAN TRIBE.—The term “Indian tribe”  
18 has the meaning given the term in section 4(e) of  
19 the Indian Self-Determination and Education Assist-  
20 ance Act (25 U.S.C. 450b(e)).

21 (3) PERSON.—The term “person” includes—

22 (A) an individual;

23 (B) a community (as determined by the  
24 Secretary concerned);

25 (C) an Indian tribe;

1 (D) a small business, micro-business, or a  
2 corporation that is incorporated in the United  
3 States; and

4 (E) a nonprofit organization.

5 (4) PREFERRED COMMUNITY.—The term “pre-  
6 ferred community” means—

7 (A) any town, township, municipality, or  
8 other similar unit of local government (as deter-  
9 mined by the Secretary concerned) that—

10 (i) has a population of not more than  
11 50,000 individuals; and

12 (ii) the Secretary concerned, in the  
13 sole discretion of the Secretary concerned,  
14 determines contains or is located near  
15 land, the condition of which is at signifi-  
16 cant risk of catastrophic wildfire, disease,  
17 or insect infestation or which suffers from  
18 disease or insect infestation; or

19 (B) any county that—

20 (i) is not contained within a metro-  
21 politan statistical area; and

22 (ii) the Secretary concerned, in the  
23 sole discretion of the Secretary concerned,  
24 determines contains or is located near  
25 land, the condition of which is at signifi-

1                   cant risk of catastrophic wildfire, disease,  
2                   or insect infestation or which suffers from  
3                   disease or insect infestation.

4                   (5) SECRETARY CONCERNED.—The term “Sec-  
5                   retary concerned” means—

6                   (A) the Secretary of Agriculture with re-  
7                   spect to National Forest System lands; and

8                   (B) the Secretary of the Interior with re-  
9                   spect to Federal lands under the jurisdiction of  
10                  the Secretary of the Interior and Indian lands.

11                  (c) BIOMASS COMMERCIAL USE GRANT PROGRAM.—

12                  (1) IN GENERAL.—The Secretary concerned  
13                  may make grants to any person that owns or oper-  
14                  ates a facility that uses biomass as a raw material  
15                  to produce electric energy, sensible heat, transpor-  
16                  tation fuels, or substitutes for petroleum-based prod-  
17                  ucts to offset the costs incurred to purchase biomass  
18                  for use by such facility.

19                  (2) GRANT AMOUNTS.—A grant under this sub-  
20                  section may not exceed \$20 per green ton of biomass  
21                  delivered.

22                  (3) MONITORING OF GRANT RECIPIENT ACTIVI-  
23                  TIES.—As a condition of a grant under this sub-  
24                  section, the grant recipient shall keep such records  
25                  as the Secretary concerned may require to fully and

1       correctly disclose the use of the grant funds and all  
2       transactions involved in the purchase of biomass.  
3       Upon notice by a representative of the Secretary  
4       concerned, the grant recipient shall afford the rep-  
5       resentative reasonable access to the facility that pur-  
6       chases or uses biomass and an opportunity to exam-  
7       ine the inventory and records of the facility.

8       (d) IMPROVED BIOMASS USE GRANT PROGRAM.—

9           (1) IN GENERAL.—The Secretary concerned  
10       may make grants to persons to offset the cost of  
11       projects to develop or research opportunities to im-  
12       prove the use of, or add value to, biomass. In mak-  
13       ing such grants, the Secretary concerned shall give  
14       preference to persons in preferred communities.

15           (2) SELECTION.—The Secretary concerned shall  
16       select a grant recipient under paragraph (1) after  
17       giving consideration to the anticipated public bene-  
18       fits of the project, including the potential to develop  
19       thermal or electric energy resources or affordable en-  
20       ergy, opportunities for the creation or expansion of  
21       small businesses and micro-businesses, and the po-  
22       tential for new job creation.

23           (3) GRANT AMOUNT.—A grant under this sub-  
24       section may not exceed \$100,000.

1 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated \$50,000,000 for each  
3 of the fiscal years 2004 through 2014 to carry out this  
4 section.

5 (f) REPORT.—Not later than October 1, 2010, the  
6 Secretary of Agriculture, in consultation with the Sec-  
7 retary of the Interior, shall submit to the Committee on  
8 Energy and Natural Resources and the Committee on Ag-  
9 riculture, Nutrition, and Forestry of the Senate and the  
10 Committee on Resources and the Committee on Agri-  
11 culture of the House of Representatives a report describ-  
12 ing the results of the grant programs authorized by this  
13 section. The report shall include the following:

14 (1) An identification of the size, type, and the  
15 use of biomass by persons that receive grants under  
16 this section.

17 (2) The distance between the land from which  
18 the biomass was removed and the facility that used  
19 the biomass.

20 (3) The economic impacts, particularly new job  
21 creation, resulting from the grants to and operation  
22 of the eligible operations.

## 1       **Subtitle B—Geothermal Energy**

### 2       **SEC. \_\_\_\_ 11. SHORT TITLE.**

3           This subtitle may be cited as the “John Rishel Geo-  
4       thermal Steam Act Amendments of 2003”.

### 5       **SEC. \_\_\_\_ 12. COMPETITIVE LEASE SALE REQUIREMENTS.**

6           (a) IN GENERAL.—Section 4 of the Geothermal  
7       Steam Act of 1970 (30 U.S.C. 1003) is amended to read  
8       as follows:

#### 9       **“SEC. 4. LEASING PROCEDURES.**

10       “(a) IN GENERAL.—

11           “(1) NOMINATIONS.—The Secretary shall ac-  
12       cept nominations at any time from qualified compa-  
13       nies and individuals of areas to be leased under this  
14       Act.

15           “(2) COMPETITIVE LEASE SALE REQUIRED.—  
16       The Secretary shall hold a competitive lease sale at  
17       least once every 2 years for lands in a State that are  
18       located in areas with respect to which there are  
19       nominations pending under paragraph (1).

20           “(3) NONCOMPETITIVE LEASING.—The Sec-  
21       retary shall make available for a period of 2 years  
22       for noncompetitive leasing any lands for which a  
23       competitive lease sale is held, but for which the Sec-  
24       retary does not receive any bids in a competitive  
25       lease sale.



1           “(1) the Secretary publishes a notice of the  
2           lands proposed for leasing at least 60 days before  
3           the date of the issuance of the lease; and

4           “(2) the Secretary does not receive in the 60-  
5           day period beginning on the date of such publication  
6           any nomination to include the lands concerned in the  
7           next competitive lease sale.”.

8           (b) LIMITATION ON LEASE AREA.—Section 7 of the  
9           Geothermal Steam Act of 1970 (30 U.S.C. 1006) is  
10          amended as follows:

11           (1) In the first sentence by striking “A geo-  
12          thermal lease” and inserting “(a) IN GENERAL.—  
13          Except as provided in subsection (b), a geothermal  
14          lease”.

15           (2) By adding at the end the following:

16          “(b) LEASING FOR DIRECT USE OF GEOTHERMAL  
17          RESOURCES.—A geothermal lease for qualified develop-  
18          ment and direct utilization of geothermal resources shall  
19          embrace not more than the minimum amount of acreage  
20          determined by the Secretary to be reasonably necessary  
21          for such utilization.”.

22          (c) ANNUAL PAYMENT.—Section 5 of the Geothermal  
23          Steam Act of 1970 (30 U.S.C. 1004) is amended as fol-  
24          lows:

1           (1) In subsection (c) by redesignating para-  
2           graphs (1) and (2) as subparagraphs (A) and (B);

3           (2) By redesignating subsections (a) through  
4           (d) in order as paragraphs (1) through (4).

5           (3) By inserting “(a) IN GENERAL.—” after  
6           “SEC. 5”.

7           (4) by adding at the end the following:

8           “(b) EXEMPTION FOR DIRECT USE OF GEOTHERMAL  
9           RESOURCES.—

10           “(1) IN GENERAL.—In lieu of any royalty or  
11           rental under subsection (a), a lease for qualified de-  
12           velopment and direct utilization of geothermal re-  
13           sources shall provide for payment by the lessee of an  
14           annual fee per producing well of not less than \$100,  
15           and not more than \$1,000, in accordance with the  
16           schedule issued under paragraph (2).

17           “(2) SCHEDULE.—The Secretary shall issue a  
18           schedule of fees under this section under which a fee  
19           is based on the scale of development and utilization  
20           to which the fee applies.”.

21           (d) DEFINITIONS.—Section 2 of the Geothermal  
22           Steam Act of 1970 (30 U.S.C. 1001) is amended as fol-  
23           lows:

1           (1) In subsection (f) by redesignating para-  
2           graphs (1) through (4) in order as subparagraphs  
3           (A) through (D).

4           (2) by redesignating subsections (a) through (f)  
5           in order as paragraphs (1) through (6).

6           (3) By adding at the end the following:

7           “(7) DIRECT USE OF GEOTHERMAL RE-  
8           SOURCES.—The term ‘direct use of geothermal re-  
9           sources’ means utilization of the heat from a geo-  
10          thermal resource for commercial, residential, agricul-  
11          tural, or other energy needs, other than the commer-  
12          cial production of electricity.

13          “(8) GEOTHERMAL RESOURCE.—The term ‘geo-  
14          thermal resource’ means a subsurface reservoir of  
15          hot water or steam.”.

16          (e) EXISTING LEASES.—

17           (1) APPLICATION TO CONVERT.—Any lessee  
18           under a lease under the Geothermal Steam Act of  
19           1970 that was issued before the date of the enact-  
20           ment of this Act may apply to the Secretary of the  
21           Interior, by not later than 18 months after the date  
22           of the enactment of this Act, to convert such lease  
23           to a lease for qualified development and direct utili-  
24           zation of geothermal resources in accordance with  
25           the amendments made by this section.

1           (2) CONVERSION.—The Secretary shall approve  
2           such an application and convert such a lease to a  
3           lease in accordance with the amendments by not  
4           later than 180 days after receipt of such application,  
5           unless the Secretary determines that the applicant is  
6           not a qualified applicant with respect to the lease.

7           (3) APPLICATION OF NEW LEASE TERMS.—The  
8           amendments made by subsection (c) shall apply with  
9           respect to payments under a lease converted under  
10          this subsection that are due and owing to the  
11          United States on or after July 16, 2003.

12 **SEC. \_\_\_ 14. ROYALTIES AND NEAR-TERM PRODUCTION IN-**  
13 **CENTIVES.**

14          (a) ROYALTY.—Section 5 of the Geothermal Steam  
15 Act of 1970 (30 U.S.C. 1004), as amended by this sub-  
16 title, is further amended as follows:

17           (1) In subsection (a) by amending paragraph  
18          (1) to read as follows:

19           “(1) a royalty on electricity produced using geo-  
20          thermal steam and associated geothermal resources,  
21          other than direct use of geothermal resources, that  
22          shall be—

23           “(A) 1.75 percent of the gross proceeds  
24          from the sale of electricity produced from such

1 resources during the first 10 years of produc-  
2 tion under the lease; and

3 “(B) 3.5 percent of the gross proceeds  
4 from the sale of electricity produced from such  
5 resources during each year after such 10-year  
6 period.”.

7 (2) By adding at the end the following:

8 “(c) TREATMENT OF STATE AND COUNTY SHARES  
9 OF ROYALTIES.—

10 “(1) STATE SHARE.—Notwithstanding section  
11 20 of this Act, section 35 of the Mineral Leasing  
12 Act (30 U.S.C. 191), or section 6 of the Mineral  
13 Leasing Act for Acquired Lands (30 U.S.C. 355), in  
14 the case of monies received by the United States as  
15 royalty under subsection (a)(1)(A) with respect to a  
16 electricity produced in a County in a State under a  
17 geothermal lease—

18 “(A) the percentage required to be paid by  
19 the Secretary of the Treasury to the State shall  
20 be 75 percent; and

21 “(B) the percentage required to be paid by  
22 the Secretary of the Treasury to the County  
23 shall be 25 percent.

24 “(2) CREDITS FOR IN-KIND PAYMENTS OF  
25 ELECTRICITY.—The Secretary may provide to a les-

1 see a credit against royalties owed under this Act,  
2 in an amount equal to the value of electricity pro-  
3 vided under contract to a State or county govern-  
4 ment that is entitled under the provisions of other  
5 laws referred to in paragraph (1) to a portion of  
6 such royalties, if—

7 “(A) the Secretary has approved an agree-  
8 ment between the lessee and the State or coun-  
9 ty government for such in-kind payments; and

10 “(B) the agreement establishes a specific  
11 methodology to determine the value of such  
12 credits.”.

13 (b) DISPOSAL OF MONEYS FROM SALES, BONUSES,  
14 ROYALTIES AND RENTALS.—Section 20 of the Geo-  
15 thermal Steam Act of 1970 (30 U.S.C. 1019) is amended  
16 to read as follows:

17 **“SEC. 20. DISPOSAL OF MONEYS FROM SALES, BONUSES,**  
18 **ROYALTIES AND RENTALS.**

19 “(a) RENTALS.—All moneys received by the United  
20 States from rentals under this Act shall be disposed of  
21 in the same manner as such moneys received pursuant to  
22 section 35 of the Mineral Leasing Act (30 U.S.C. 191)  
23 or section 6 of the Mineral Leasing Act for Acquired  
24 Lands (30 U.S.C. 355), as the case may be.

25 “(b) SALES, BONUSES, AND ROYALTIES.—

1           “(1) IN GENERAL.—All monies received by the  
2           United States from sales, bonuses, and royalties  
3           under this Act shall be paid into the Treasury of the  
4           United States. Of amounts deposited under this sub-  
5           section, subject to the provisions of section 35 of the  
6           Mineral Leasing Act (30 U.S.C. 191(b)) and section  
7           5(a)(2) of this Act—

8                   “(A) 50 percent shall be paid to the State  
9                   within the boundaries of which the leased lands  
10                  or geothermal resources are or were located;  
11                  and

12                   “(B) 25 percent shall be paid to the Coun-  
13                  ty within the boundaries of which the leased  
14                  lands or geothermal resources are or were lo-  
15                  cated;

16           except that this sentence shall not apply with respect  
17           to lands in Alaska.

18           “(2) USE OF PAYMENTS.—Amounts paid to a  
19           State or county under paragraph (1) shall be used  
20           consistent with the terms of section 35 of the Min-  
21           eral Leasing Act (30 U.S.C. 191).”.

22           (c) NEAR-TERM PRODUCTION INCENTIVE.—

23                   (1) IN GENERAL.—Notwithstanding section  
24           5(a) of the Geothermal Steam Act of 1970 the roy-

1 alty required to be paid on any lease issued under  
2 such Act before the date of enactment of this Act—

3 (A) with respect to commercial production  
4 of heat or energy from a facility that begins  
5 such production in the 6-year period beginning  
6 on the date of the enactment of this Act; or

7 (B) on qualified expansion geothermal en-  
8 ergy;

9 shall be 50 percent of the amount of royalty other-  
10 wise required to be paid under that section.

11 (2) STATE SHARE.—Notwithstanding section 20  
12 of the Geothermal Steam Act of 1970 (30 U.S.C.  
13 1019), section 35 of the Mineral Leasing Act (30  
14 U.S.C. 191), or section 6 of the Mineral Leasing Act  
15 for Acquired Lands (30 U.S.C. 355), in the case of  
16 monies received by the United States from royalty  
17 described in subparagraph (A) or (B) of paragraph  
18 (1), the percentage required to be paid by the Sec-  
19 retary of the Treasury to a State under those sec-  
20 tions shall be 100 percent.

21 (3) 4-YEAR APPLICATION.—Paragraphs (1) and  
22 (2) apply only to commercial production of heat or  
23 energy from a facility in the first 4 years of such  
24 production.

1           (4) NO EFFECT ON STATE PORTION.—This sub-  
2           section shall not be construed to reduce the amount  
3           of royalty required to be paid to a State.

4           (d) DEFINITIONS.—In this section:

5           (1) QUALIFIED EXPANSION GEOTHERMAL EN-  
6           ERGY.—The term “qualified expansion geothermal  
7           energy” means geothermal energy produced from a  
8           generation facility for which—

9                   (A) the production is increased by more  
10                   than 10 percent as a result of expansion of the  
11                   facility carried out in the 6-year period begin-  
12                   ning on the date of the enactment of this Act;  
13                   and

14                   (B) such production increase is greater  
15                   than 10 percent of the average production by  
16                   the facility during the 5-year period preceding  
17                   the expansion of the facility.

18           (2) QUALIFIED GEOTHERMAL ENERGY  
19           LEASE.—The term “qualified geothermal energy  
20           lease” means a lease under the Geothermal Steam  
21           Act of 1970 (30 U.S.C. 1001 et seq.)—

22                   (A) that was executed before the end of  
23                   the 6-year period beginning on the date of the  
24                   enactment of this Act; and

1 (B) under which no commercial production  
2 of any form of heat or energy occurred before  
3 the date of the enactment of this Act.

4 (e) ROYALTY UNDER EXISTING LEASES.—

5 (1) IN GENERAL.—Any lessee under a lease  
6 issued under the Geothermal Steam Act of 1970 be-  
7 fore the date of the enactment of this Act may mod-  
8 ify the terms of the lease relating to payment of roy-  
9 alties to comply with the amendment made by sub-  
10 section (a), by applying to the Secretary of the Inte-  
11 rior by not later than 18 months after the date of  
12 the enactment of this Act.

13 (2) APPLICATION OF MODIFICATION.—Such  
14 modification shall apply to any use of geothermal  
15 steam and associated geothermal resources to which  
16 the amendment applies that occurs after the date of  
17 that application.

18 (3) CONSULTATION.—The Secretary of the  
19 Interior—

20 (A) shall consult with the State and local  
21 governments affected by any proposed changes  
22 in lease royalty terms under this subsection;

23 (B) may agree to a gross proceeds percent-  
24 age other than the amount specified in the

1 amendment made by subsection (a) only with  
2 the concurrence of the lessee and the State,

3 **SEC. \_\_\_15. CONSULTATION REGARDING GEOTHERMAL**  
4 **LEASING AND PERMITTING ON PUBLIC**  
5 **LANDS.**

6 (a) IN GENERAL.—Not later than 6 months after the  
7 date of the enactment of this Act, the Secretary of the  
8 Interior and the Secretary of Agriculture shall enter into  
9 and submit to the Congress a memorandum of under-  
10 standing in accordance with this section regarding leasing  
11 and permitting, for geothermal development, of public  
12 lands under their respective administrative jurisdictions.

13 (b) LEASE AND PERMIT APPLICATIONS.—The memo-  
14 randum of understanding shall include provisions that—

15 (1) identify known geothermal areas on public  
16 lands within the National Forest System and when  
17 necessary review management plans to consider leas-  
18 ing under the Geothermal Steam Act of 1970 (30  
19 U.S.C. 1001 et seq.) as a land use;

20 (2) establish an administrative procedure for  
21 processing geothermal lease applications, including  
22 lines of authority, steps in application processing,  
23 and timeframes for application processing;

24 (3) provide that the Secretary concerned  
25 shall—

1 (A) within 14 days after receiving an ap-  
2 plication for a lease, determine whether the ap-  
3 plication contains sufficient information to  
4 allow processing of the application; and

5 (B) if the application is found not to con-  
6 tain sufficient information to allow processing  
7 the application the Secretary shall, before the  
8 end of such 14-day period, provide written noti-  
9 fication to the lease applicant that the applica-  
10 tion is being returned to the applicant without  
11 processing and itemizing the deficiencies in the  
12 application that prevent processing;

13 (4) provide that the Secretary concerned shall  
14 within 30 days after receiving a lease application,  
15 provide written notice to the lease applicant regard-  
16 ing the status of the application, including an esti-  
17 mation of the time that will be required to complete  
18 action on the application; and

19 (5) establish an administrative procedure for  
20 processing geothermal development permits, includ-  
21 ing lines of authority, steps in permit processing,  
22 and timeframes for permit processing.

23 (c) FIVE-YEAR LEASING PLAN.—The memorandum  
24 of understanding shall develop a 5-year plan for facili-  
25 tating leasing under the Geothermal Steam Act of 1970

1 (30 U.S.C. 1001 et seq.) of public land in the National  
2 Forest System. The plan for geothermal leasing shall be  
3 updated annually.

4 (d) DATA RETRIEVAL SYSTEM.—The memorandum  
5 of understanding shall establish a joint data retrieval sys-  
6 tem that is capable of tracking lease and permit applica-  
7 tions and requests and providing to the applicant or re-  
8 quester information as to their status within the Depart-  
9 ments of the Interior and Agriculture, including an esti-  
10 mate of the time required for administrative action.

11 **SEC. \_\_\_ 16. REVIEW AND REPORT TO CONGRESS.**

12 The Secretary of the Interior shall promptly review  
13 and report to the Congress within 3 years after the date  
14 of the enactment of this Act regarding the status of all  
15 moratoria on and withdrawals from leasing under the Geo-  
16 thermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) of  
17 Federal lands, specifying for each such area whether the  
18 basis for such moratoria or withdrawal still applies.

19 **SEC. \_\_\_ 17. REIMBURSEMENT FOR COSTS OF NEPA ANAL-**  
20 **YSES, DOCUMENTATION, AND STUDIES.**

21 (a) IN GENERAL.—The Geothermal Steam Act of  
22 1970 (30 U.S.C. 1001 et seq.) is amended by adding at  
23 the end the following:

1 **“SEC. 30. REIMBURSEMENT FOR COSTS OF CERTAIN ANAL-**  
2 **YSES, DOCUMENTATION, AND STUDIES.**

3 “(a) IN GENERAL.—The Secretary of the Interior  
4 may reimburse a person that is a lessee, operator, oper-  
5 ating rights owner, or applicant for any lease under this  
6 Act for reasonable amounts paid by the person for prepa-  
7 ration for the Secretary by a contractor or other person  
8 selected by the Secretary of any project-level analysis, doc-  
9 umentation, or related study required under the National  
10 Environmental Policy Act of 1969 (42 U.S.C. 4321 et  
11 seq.) with respect to the lease.

12 “(b) CONDITIONS.—The Secretary may provide reim-  
13 bursement under subsection (b) only if—

14 “(1) adequate funding to enable the Secretary  
15 to timely prepare the analysis, documentation, or re-  
16 lated study is not appropriated;

17 “(2) the person paid the costs voluntarily;

18 “(3) the person maintains records of its costs  
19 in accordance with regulations promulgated by the  
20 Secretary;

21 “(4) the reimbursement is in the form of a re-  
22 duction in the Federal share of the royalty required  
23 to be paid for the lease for which the analysis, docu-  
24 mentation, or related study is conducted, and is  
25 agreed to by the Secretary and the person reim-

1       bursed prior to commencing the analysis, docu-  
2       mentation, or related study; and

3               “(5) the agreement required under paragraph  
4       (4) contains provisions—

5                       “(A) reducing royalties owed on lease pro-  
6       duction based on market prices;

7                       “(B) stipulating an automatic termination  
8       of the royalty reduction upon recovery of docu-  
9       mented costs; and

10                      “(C) providing a process by which the les-  
11       see may seek reimbursement for circumstances  
12       in which production from the specified lease is  
13       not possible.”.

14       (b) APPLICATION.—The amendment made by this  
15       section shall apply with respect to an analysis, documenta-  
16       tion, or a related study conducted on or after the date  
17       of enactment of this Act for any lease entered into before,  
18       on, or after the date of enactment of this Act.

19       (c) DEADLINE FOR REGULATIONS.—The Secretary of  
20       the Interior shall issue regulations implementing the  
21       amendment made by this section by not later than 180  
22       days after the date of enactment of this Act.

1 **SEC. \_\_\_\_18. ASSESSMENT OF GEOTHERMAL ENERGY PO-**  
2 **TENTIAL.**

3 The Secretary of Interior, acting through the Direc-  
4 tor of the United States Geological Survey and in coopera-  
5 tion with the States, shall update the 1978 Assessment  
6 of Geothermal Resources, and submit that updated assess-  
7 ment to the Committee on Resources of the House of Rep-  
8 resentatives and the Committee on Energy and Natural  
9 Resources of the Senate—

10 (1) within 3 years after the date of enactment  
11 of this Act; and

12 (2) thereafter as the availability of data and de-  
13 velopments in technology warrant.

14 **SEC. \_\_\_\_19. COOPERATIVE OR UNIT PLANS.**

15 (a) IN GENERAL.—Section 18 of the Geothermal  
16 Steam Act of 1970 (30 U.S.C. 1017) is amended to read  
17 as follows:

18 **“SEC. 18. COOPERATIVE OR UNIT PLANS.**

19 **“(a) ADOPTION OF PLAN BY LESSEES.—**

20 **“(1) IN GENERAL.—**For the purpose of more  
21 properly conserving the natural resources of any  
22 geothermal field, or like area, or any part thereof  
23 (whether or not any part of the geothermal field, or  
24 like area, is then subject to any cooperative or unit  
25 plan of development or operation), lessees thereof  
26 and their representatives may unite with each other,

1 or jointly or separately with others, in collectively  
2 adopting and operating under a cooperative or unit  
3 plan of development or operation of such field, or  
4 like area, or any part thereof, if determined and cer-  
5 tified by the Secretary to be necessary or advisable  
6 in the public interest.

7 “(2) MODIFICATION OF LEASE REQUIREMENTS  
8 BY SECRETARY.—The Secretary may, in the discre-  
9 tion of the Secretary, and with the consent of the  
10 holders of leases involved, establish, alter, change, or  
11 revoke drilling, producing, rental, minimum royalty,  
12 and royalty requirements of such leases and to make  
13 such regulations with reference to such leases, with  
14 the consent of the lessees, in connection with the in-  
15 stitution and operation of any such cooperative or  
16 unit plan as the Secretary may deem necessary or  
17 proper to secure the proper protection of the public  
18 interest.

19 “(b) REQUIREMENT OF PLANS UNDER NEW  
20 LEASES.—The Secretary—

21 “(1) may provide that geothermal leases issued  
22 under this Act after the date of the enactment of  
23 this section shall contain a provision requiring the  
24 lessee to operate under such a reasonable coopera-  
25 tive or unit plan; and

1           “(2) may prescribe such a plan under which  
2           such lessee shall operate, which shall adequately pro-  
3           tect the rights of all parties in interest, including the  
4           United States.

5           “(c) MODIFICATION OF RATE OF PROSPECTING, DE-  
6           VELOPMENT, AND PRODUCTION.—The Secretary may re-  
7           quire that any plan authorized by the this section that  
8           applies to lands owned by the United States contain a pro-  
9           vision under which authority is vested in the Secretary,  
10          or any person, committee, or State or Federal officer or  
11          agency as may be designated in the plan, to alter or mod-  
12          ify from time to time the rate of prospecting and develop-  
13          ment and the quantity and rate of production under such  
14          plan.

15          “(d) EXCLUSION FROM DETERMINATION OF HOLD-  
16          ING OR CONTROL.—Any lands that are subject to any plan  
17          approved or prescribed by the Secretary under this section  
18          shall not be considered in determining holdings or control  
19          under any provision of this Act.

20          “(e) POOLING OF CERTAIN LANDS.—If separate  
21          tracts of lands cannot be independently developed and op-  
22          erated to use geothermal steam and associated geothermal  
23          resources pursuant to this Act in conformity with an es-  
24          tablished development program—

1           “(1) any such lands, or a portion thereof, may  
2           be pooled with other lands, whether or not owned by  
3           the United States, for purposes of such development  
4           and operation under a communitization agreement  
5           providing for an apportionment of production or roy-  
6           alties among the separate tracts of land comprising  
7           the production unit, if such pooling is determined by  
8           the Secretary to be in the public interest; and

9           “(2) operation or production pursuant to such  
10          an agreement shall be treated as operation or pro-  
11          duction with respect to each tract of land that is  
12          subject to the agreement.

13          “(f) PLAN REVIEW.—No more than 5 years after ap-  
14          proval of any cooperative or unit plan of development or  
15          operation, and at least every 5 years thereafter, the Sec-  
16          retary shall review each such plan and, after notice and  
17          opportunity for comment, eliminate from inclusion in such  
18          plan any lands that the Secretary determines are not rea-  
19          sonably necessary for cooperative or unit operations under  
20          the plan. Such elimination shall be based on scientific evi-  
21          dence, and shall occur only if it is determined by the Sec-  
22          retary to be for the purpose of conserving and properly  
23          managing the geothermal resource. Any land so eliminated  
24          shall be eligible for an extension under subsection (c) or

1 (g) of section 6 if it meets the requirements for such an  
2 extension.

3 “(g) APPROVAL BY SECRETARY.—The Secretary  
4 may, on such conditions as the Secretary may prescribe,  
5 approve operating, drilling, or development contracts made  
6 by one or more lessees of geothermal leases, with one or  
7 more persons, associations, or corporations if, in the dis-  
8 cretion of the Secretary, the conservation of natural re-  
9 sources or the public convenience or necessity may require  
10 or the interests of the United States may be best served  
11 thereby. All leases operated under such approved oper-  
12 ating, drilling, or development contracts, and interests  
13 thereunder, shall be excepted in determining holdings or  
14 control under section 7 of this Act.

15 “(h) COORDINATION WITH STATE GOVERNMENTS.—  
16 The Secretary—

17 “(1) shall coordinate unitization and pooling ac-  
18 tivities with the appropriate State agencies; and

19 “(2) shall ensure that State leases included in  
20 any unitization or pooling arrangement are treated  
21 equally with Federal leases.”.

22 **SEC. \_\_\_ 20. ROYALTY ON BYPRODUCTS.**

23 Section 5 of the Geothermal Steam Act of 1970 (30  
24 U.S.C. 1004), as amended by this subtitle, is further

1 amended in subsection (a) by striking paragraph (2) and  
2 inserting the following:

3           “(2) a royalty on any byproduct that is a min-  
4 eral named in the first section of the Mineral Leas-  
5 ing Act (30 U.S.C. 181), and that is derived from  
6 production under the lease, at the rate of the royalty  
7 that applies under that Act to production of such  
8 mineral under a lease under that Act;”.

9 **SEC. \_\_\_ 21. REPEAL OF AUTHORITIES OF SECRETARY TO**  
10 **READJUST TERMS, CONDITIONS, RENTALS,**  
11 **AND ROYALTIES.**

12           Section 8 of the Geothermal Steam Act of 1970 (30  
13 U.S.C. 1007) is amended by repealing subsections (a) and  
14 (b), and by striking “(c)”.

15 **SEC. \_\_\_ 22. CREDITING OF RENTAL TOWARD ROYALTY.**

16           Section 5 of the Geothermal Steam Act of 1970 (30  
17 U.S.C. 1004), as amended by this subtitle, is further  
18 amended—

19           (1) in subsection (a)(2) by inserting “and”  
20 after the semicolon at the end;

21           (2) in subsection (a)(3) by striking “; and” and  
22 inserting a period;

23           (3) by striking paragraph (4) of subsection (a);  
24 and

25           (4) by adding at the end the following:

1           “(d) CREDITING OF RENTAL TOWARD ROYALTY.—  
2 Any annual rental under this section that is paid with re-  
3 spect to a lease before the first day of the year for which  
4 the annual rental is owed shall be credited to the amount  
5 of royalty that is required to be paid under the lease for  
6 that year.”.

7 **SEC. \_\_\_23. LEASE DURATION AND WORK COMMITMENT**  
8 **REQUIREMENTS.**

9           (a) IN GENERAL.—Section 6 of the Geothermal  
10 Steam Act of 1970 (30 U.S.C. 1005) is amended—

11                 (1) by striking so much as precedes subsection  
12                 (c), and striking subsections (e), (g), (h), (i), and  
13                 (j);

14                 (2) by redesignating subsections (c), (d), and  
15                 (f) in order as subsections (g), (h), and (i); and

16                 (3) by inserting before subsection (g), as so re-  
17                 designated, the following:

18 **“SEC. 6. LEASE TERM AND WORK COMMITMENT REQUIRE-**  
19 **MENTS.**

20           “(a) PRIMARY TERM.—

21                 “(1) IN GENERAL.—A geothermal lease shall be  
22                 for a primary term of ten years.

23                 “(2) INITIAL EXTENSION.—The Secretary shall  
24                 extend the primary term of a geothermal lease for

1       5 years if, for each year after the fifth year of the  
2       lease—

3               “(A) the Secretary determined under sub-  
4               section (c) that the lessee satisfied the work  
5               commitment requirements that applied to the  
6               lease for that year; or

7               “(B) the lessee paid in accordance with  
8               subsection (d) the value of any work that was  
9               not completed in accordance with those require-  
10              ments.

11             “(3) ADDITIONAL EXTENSION.—The Secretary  
12             shall extend the primary term of a geothermal lease  
13             (after an extension under paragraph (2)) for an ad-  
14             ditional 5 years if, for each year after the fifteenth  
15             year of the lease, the Secretary determined under  
16             subsection (c) that the lessee satisfied the work com-  
17             mitment requirements that applied to the lease for  
18             that year.

19             “(b) REQUIREMENT TO SATISFY ANNUAL WORK  
20             COMMITMENT REQUIREMENT.—

21             “(1) IN GENERAL.—The lessee for a geothermal  
22             lease shall, for each year after the fifth year of the  
23             lease, satisfy work commitment requirements pre-  
24             scribed by the Secretary that apply to the lease for  
25             that year.

1           “(2) PRESCRIPTION OF WORK COMMITMENT RE-  
2           QUIREMENTS.—The Secretary shall issue regulations  
3           prescribing minimum equivalent dollar value work  
4           commitment requirements for geothermal leases,  
5           that—

6                   “(A) require that a lessee, in each year  
7                   after the fifth year of the primary term of a  
8                   geothermal lease, diligently work to achieve  
9                   commercial production or utilization of steam  
10                  under the lease;

11                   “(B) require that in each year to which  
12                   work commitment requirements under the regu-  
13                   lations apply, the lessee shall significantly re-  
14                   duce the amount of work that remains to be  
15                   done to achieve such production or utilization;

16                   “(C) describe specific work that must be  
17                   completed by a lessee by the end of each year  
18                   to which the work commitment requirements  
19                   apply;

20                   “(D) carry forward and apply to work  
21                   commitment requirements for a year, work  
22                   completed in any year in the preceding 3-year  
23                   period that was in excess of the work required  
24                   to be performed in that preceding year; and

1           “(E) establish transition rules for leases  
2           issued before the date of the enactment of this  
3           subsection, including terms under which a lease  
4           that is near the end of its term on the date of  
5           enactment of this Act may be extended for up  
6           to two years—

7                   “(i) to allow achievement of produc-  
8                   tion under the lease;

9                   “(ii) to allow the lease to be included  
10                  in a producing unit; and

11           “(F) establish an annual payment that, at  
12           the option of the lessee, may be exercised in lieu  
13           of meeting any work requirement for a limited  
14           number of years that the Secretary determines  
15           will not impair achieving diligent development  
16           of the geothermal resource.

17           “(3) TERMINATION OF APPLICATION OF RE-  
18           QUIREMENTS.—Work commitment requirements pre-  
19           scribed under this subsection shall not apply to a  
20           geothermal lease after the date on which geothermal  
21           steam is produced or utilized under the lease in com-  
22           mercial quantities.

23           “(c) DETERMINATION OF WHETHER REQUIREMENTS  
24           SATISFIED.—The Secretary shall, by not later than 21  
25           days after the end of each year for which work commit-

1 ment requirements under subsection (b) apply to a geo-  
2 thermal lease—

3 “(1) determine whether the lessee has satisfied  
4 the requirements that apply for that year;

5 “(2) notify the lessee of that determination; and

6 “(3) in the case of a notification that the lessee  
7 did not satisfy work commitment requirements for  
8 the year, include in the notification—

9 “(A) a description of the specific work that  
10 was not completed by the lessee in accordance  
11 with the requirements; and

12 “(B) the amount of the dollar value of  
13 such work that was not completed, reduced by  
14 the amount of expenditures made for work com-  
15 pleted in a prior year that is carried forward  
16 pursuant to subsection (b)(2)(D).

17 “(d) PAYMENT OF VALUE OF UNCOMPLETED  
18 WORK.—

19 “(1) IN GENERAL.—If the Secretary notifies a  
20 lessee that the lessee failed to satisfy work commit-  
21 ment requirements under subsection (b), the lessee  
22 shall pay to the Secretary, by not later than the end  
23 of the 60-day period beginning on the date of the  
24 notification, the dollar value of work that was not

1 completed by the lessee, in the amount stated in the  
2 notification (as reduced under subsection (c)(3)(B)).

3 “(2) FAILURE TO PAY VALUE OF  
4 UNCOMPLETED WORK.—If a lessee fails to pay such  
5 amount to the Secretary before the end of that pe-  
6 riod, the lease shall terminate upon the expiration of  
7 the period.

8 “(e) CONTINUATION AFTER COMMERCIAL PRODUC-  
9 TION OR UTILIZATION.—If geothermal steam is produced  
10 or utilized in commercial quantities within the primary  
11 term of the lease under subsection (a) (including any ex-  
12 tension of the lease under subsection (a)), such lease shall  
13 continue until the date on which geothermal steam is no  
14 longer produced or utilized in commercial quantities.

15 “(f) CONVERSION OF GEOTHERMAL LEASE TO MIN-  
16 ERAL LEASE.—The lessee under a lease that has produced  
17 geothermal steam for electrical generation, has been deter-  
18 mined by the Secretary to be incapable of any further com-  
19 mercial production or utilization of geothermal steam, and  
20 that is producing any valuable byproduct in payable quan-  
21 tities may, within 6 months after such determination—

22 “(1) convert the lease to a mineral lease under  
23 the Mineral Leasing Act (30 U.S.C. 181 et seq.) or  
24 under the Mineral Leasing Act for Acquired Lands  
25 (30 U.S.C. 351 et seq.), if the lands that are subject

1 to the lease can be leased under that Act for the  
2 production of such byproduct; or

3 “(2) convert the lease to a mining claim under  
4 the general mining laws, if the byproduct is a  
5 locatable mineral.”.

6 (b) CONFORMING AMENDMENT.—(1) Section 18 of  
7 the Geothermal Steam Act of 1970 (30 U.S.C. 1017) is  
8 amended by striking “subsection (c) or (g)” and inserting  
9 “subsection (g)”.

10 (2) Section 20 of the Geothermal Steam Act of 1970  
11 (30 U.S.C. 1019) is amended by striking “, including the  
12 payments referred to in section 6(i),”.

13 **SEC. \_\_\_\_24. ADVANCED ROYALTIES REQUIRED FOR SUS-**  
14 **PENSION OF PRODUCTION.**

15 Section 5 of the Geothermal Steam Act of 1970 (30  
16 U.S.C. 1004), as amended by this subtitle, is further  
17 amended by adding at the end the following:

18 “(e) ADVANCED ROYALTIES REQUIRED FOR SUSPEN-  
19 SION OF PRODUCTION.—

20 “(1) CONTINUATION OF LEASE FOLLOWING  
21 CESSATION OF PRODUCTION.—If, at any time after  
22 commercial production under a lease is achieved,  
23 production ceases for any cause the lease shall re-  
24 main in full force and effect—

1           “(A) during the one-year period beginning  
2           on the date production ceases; and

3           “(B) after such period if, and so long as,  
4           the lessee commences and continues diligently  
5           and in good faith until such production is re-  
6           sumed the steps, operations, or procedures nec-  
7           essary to cause a resumption of such produc-  
8           tion.

9           “(2) If production of heat or energy under a geo-  
10          thermal lease is suspended after the date of any such pro-  
11          duction for which royalty is required under subsection (a)  
12          and the terms of paragraph (1) are not met, the Secretary  
13          shall require the lessee, until the end of such suspension,  
14          to pay royalty in advance at the monthly pro-rata rate of  
15          the average annual rate at which such royalty was paid  
16          each year in the 5-year-period preceding the date of sus-  
17          pension.

18          “(3) Paragraph (2) shall not apply if the suspension  
19          is required or otherwise caused by the Secretary, the Sec-  
20          retary of a military department, a State or local govern-  
21          ment, or a force majeure.”.

22       **SEC. \_\_\_\_ 25. ANNUAL RENTAL.**

23          (a) ANNUAL RENTAL RATE.—Section 5 of the Geo-  
24          thermal Steam Act of 1970 (30 U.S.C. 1004), as amended  
25          by this subtitle, is further amended in subsection (a) in

1 paragraph (3) by striking “\$1 per acre or fraction thereof  
2 for each year of the lease” and all that follows through  
3 the end of the paragraph and inserting “\$1 per acre or  
4 fraction thereof for each year of the lease through the  
5 tenth year in the case of a lease awarded in a noncompeti-  
6 tive lease sale; or \$2 per acre or fraction thereof for the  
7 first year, \$3 per acre or fraction thereof for each of the  
8 second through tenth years, and \$5 per acre or fraction  
9 thereof for each year after the 10th year thereof for all  
10 leases; and”.

11 (b) TERMINATION OF LEASE FOR FAILURE TO PAY  
12 RENTAL.—Section 5 of the Geothermal Steam Act of  
13 1970 (30 U.S.C. 1004), as amended by this subtitle, is  
14 further amended by adding at the end the following:

15 “(f) TERMINATION OF LEASE FOR FAILURE TO PAY  
16 RENTAL.—

17 “(1) IN GENERAL.—The Secretary shall termi-  
18 nate any lease with respect to which rental is not  
19 paid in accordance with this Act and the terms of  
20 the lease under which the rental is required, upon  
21 the expiration of the 45-day period beginning on the  
22 date of the failure to pay such rental.

23 “(2) NOTIFICATION.—The Secretary shall  
24 promptly notify a lessee that has not paid rental re-  
25 quired under the lease that the lease will be termi-

1 nated at the end of the period referred to in para-  
2 graph (1).

3 “(3) REINSTATEMENT.—A lease that would  
4 otherwise terminate under paragraph (1) shall not  
5 terminate under that paragraph if the lessee pays to  
6 the Secretary, before the end of the period referred  
7 to in paragraph (1), the amount of rental due plus  
8 a late fee equal to 10 percent of such amount.”.

9 **SEC. \_\_\_26. LEASING AND PERMITTING ON FEDERAL**  
10 **LANDS WITHDRAWN FOR MILITARY PUR-**  
11 **POSES.**

12 Not later than 1 year after the date of the enactment  
13 of this Act, the Secretary of the Interior and each of the  
14 military service Secretaries from the Department of De-  
15 fense, in consultation with interested States, counties, rep-  
16 resentatives of the geothermal industry, and interested  
17 members of the public, shall submit to the Congress a  
18 joint report concerning leasing and permitting activities  
19 for geothermal energy on Federal lands withdrawn for  
20 military purposes. Such report shall—

21 (1) describe any differences, including dif-  
22 ferences in royalty structure and revenue sharing  
23 with States and counties, between—

24 (A) the implementation of the Geothermal  
25 Steam Act of 1970 (30 U.S.C. 1001 et seq.)

1           and other applicable Federal law by the Sec-  
2           retary of the Interior; and

3                   (B) the administration of geothermal leas-  
4           ing under section 2689 of title 10, United  
5           States Code, by the Secretary of Defense;

6           (2) identify procedures for interagency coordi-  
7           nation to ensure efficient processing and administra-  
8           tion of leases or contracts for geothermal energy on  
9           Federal lands withdrawn for military purposes, con-  
10          sistent with the defense purposes of such with-  
11          drawals; and

12                   (3) provide recommendations for legislative or  
13          administrative actions that could facilitate program  
14          administration, including a common royalty struc-  
15          ture.