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§ 1501. Congressional statement of findings

The Congress finds that—

(1) domestic geothermal reserves can be developed into regionally significant energy sources promoting the economic health and national security of the Nation;

(2) there are institutional and economic barriers to the commercialization of geothermal technology; and

(3) Federal agencies should consider the use of geothermal energy in the Government's buildings.

(Pub. L. 96-294, title VI, §602, June 30, 1980, 94 Stat. 763.)

SHORT TITLE

Pub. L. 96-294, title VI, §601, June 30, 1980, 94 Stat. 763, provided that: "This title [enacting this chapter and sections 1146 and 1147 of this title and amending sections 1141 and 1143 of this title and sections 796, 824a-3, 824i, and 824j of Title 16, Conservation] may be cited as the 'Geothermal Energy Act of 1980'."

SUBCHAPTER I—PROJECT LOANS

§ 1511. Loans for geothermal reservoir confirmation

(a) Authorization; purposes

The Secretary of Energy (hereafter in this chapter referred to as the "Secretary") is authorized to make a loan to any person, from funds appropriated (pursuant to this subchapter) to the Geothermal Resources Development Fund established under section 1144 of this title, to assist such person in undertaking and carrying out a project which (1) is designed to explore for or determine the economic viability of a geothermal reservoir and (2) consists of surface exploration and the drilling of one or more exploratory wells.

(b) Repayment rates

Subject to subsection (c) and to section 1513(b) of this title, any loan under subsection (a) shall be repayable out of revenue from production of the geothermal energy reservoir with respect to which the loan was made, at a rate, in any year, not to exceed 20 per centum of the gross revenue from the reservoir in that year; except that if any disposition of the geothermal rights to the reservoir is made to one or more other persons by the borrower, the full amount of the loan balance outstanding, or so much of the loan balance outstanding as is equal to the full amount of the compensation realized by the borrower

upon such disposition, whichever is less, shall be repaid immediately. In any case where the reservoir is confirmed (as determined by the Secretary), the Secretary may impute a reasonable revenue for purposes of determining repayment if—

(1) reasonable efforts are not made to put such reservoir in commercial operation,

(2) the borrower (or any such other person) utilizes the resources of the reservoir without a sale of the energy or geothermal energy resources therefrom, or

(3) a sale of energy or geothermal energy resources from the reservoir is made for an unreasonably low price;

except that no such imputation of revenue shall be made during the three-year period immediately following such reservoir confirmation. In the event of failure to begin production of revenue (or, where no sale of energy or geothermal energy resources is made, to begin production of energy for commercial use) within five years after the date of such reservoir confirmation, the Secretary may take action to recover the value, not to exceed the amount of the unpaid balance of the loan plus any accrued interest thereon, of any assets of the project in question, including resource rights.

(c) Cancellation of unpaid balance and accrued interest

The Secretary may at any time cancel the unpaid balance and any accrued interest on any loan made under this section if he determines, on the basis of evidence presented by the loan recipient or otherwise, that the geothermal energy reservoir with respect to which the loan was made has characteristics which make that reservoir economically or technically unacceptable for commercial development.

(d) "Person" defined

As used in this subchapter, the term "person" includes municipalities, electric cooperatives, industrial development agencies, nonprofit organizations, and Indian tribes, as well as the entities included within such term under section 1 of title 1.

(Pub. L. 96-294, title VI, §611, June 30, 1980, 94 Stat. 763.)

REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original "this title", meaning title VI of Pub. L. 96-294, June 30, 1980, 94 Stat. 763, known as the Geothermal Energy Act of 1980. For complete classification of title VI to the Code, see Short Title note set out under section 1501 of this title and Tables.

§ 1512. Loan size limitation

The amount of any loan made under section 1511(a) of this title with respect to a project described in that section shall not exceed 50 per cent of the cost of such project; except that if the loan is made to a person proposing to make application of the resources of the reservoir involved primarily for space heating or cooling or process heat for one or more structures or facilities then existing or under construction, the loan may be in any amount up to 90 per centum of such cost. In any event no loan shall be made in an amount in excess of \$3,000,000.

(Pub. L. 96-294, title VI, §612, June 30, 1980, 94 Stat. 764.)

§ 1513. Loan interest rates; repayment periods

(a) Each loan made under section 1511 of this title shall bear interest at a discount or interest rate equal to the rate in effect (at the time the loan is made) for water resources planning projects under section 80 of the Water Resources Development Act of 1974 (42 U.S.C. 1962(d)-17(a)).¹

(b) Each such loan shall be for a term which the Secretary deems appropriate, except that no loan term shall exceed twenty years beyond the date on which production of energy or geothermal energy resources begins from the reservoir involved. If revenues are inadequate (as determined by the Secretary) to fully repay the principal and accrued interest within twenty years after production begins, any remaining unpaid amounts shall be forgiven.

(Pub. L. 96-294, title VI, §613, June 30, 1980, 94 Stat. 764.)

§ 1514. Program termination

No new loans shall be made under this subchapter after September 30, 1986. Amounts repaid on or before September 30, 1986, on loans theretofore made under section 1511 of this title shall be deposited in the Geothermal Resources Development Fund for purposes of this subchapter. Amounts repaid after that date on loans theretofore made under section 1511 of this title, and amounts deposited in the Fund for purposes of this subchapter which remain in the Fund after that date and are not required to secure outstanding obligations under this subchapter, shall be deposited into the United States Treasury as miscellaneous receipts.

(Pub. L. 96-294, title VI, §614, June 30, 1980, 94 Stat. 764.)

§ 1515. Regulations

The Secretary shall promulgate regulations to carry out this subchapter no later than six months after June 30, 1980.

(Pub. L. 96-294, title VI, §615, June 30, 1980, 94 Stat. 764.)

§ 1516. Authorizations

There are hereby authorized to be appropriated for loans under this subchapter not to exceed \$5,000,000 for fiscal year 1981, and not to exceed \$20,000,000 for each of the four succeeding fiscal years. Amounts so appropriated shall be deposited in the Geothermal Resources Development Fund for purposes of this subchapter, and shall remain available for such purposes until expended.

(Pub. L. 96-294, title VI, §616, June 30, 1980, 94 Stat. 765.)

SUBCHAPTER II—STUDY, ESTABLISHMENT, AND IMPLEMENTATION OF INSURANCE PROGRAM

§ 1521. Reservoir insurance program study

The Secretary shall conduct a detailed study of the need for and feasibility of establishing a reservoir insurance and reinsurance program incorporating the terms, conditions, and provisions set forth in section 1522 of this title, and shall submit to the Congress within one year after June 30, 1980, a report on the results of such study including his findings and recommendations with respect thereto.

(Pub. L. 96-294, title VI, §621, June 30, 1980, 94 Stat. 765.)

§ 1522. Establishment of program

(a) Authorization; requirements; scope

If the report of the Secretary submitted pursuant to section 1521 of this title affirmatively recommends the establishment of the program and the Congress by law (after review of such recommendation) specifically authorizes the establishment of the program, the Secretary shall establish and implement within six months after the date of the enactment of such authorization a program, in cooperation with the insurance and reinsurance industry, to provide reservoir insurance to qualified eligible applicants in accordance with this section.

(b) Definitions

For the purpose of this section—

(1) the term “investment” means the expenditure of, and any irrevocable legal obligation to expend, funds (together with the reasonable interest costs thereof) for the purchase or construction of machinery, equipment, and facilities manufactured, or for services contracted to be furnished, for the development and utilization of a geothermal resource in the United States to provide energy in the form of heat for direct use or for generation of electricity;

(2) the term “geothermal resource” means a resource in the United States including (A) all products of geothermal processes embracing indigenous steam, hot water, and hot brines; (B) steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations; (C) heat or other associated energy found in geothermal formations; and (D) any byproducts derived from them, where “by-product” means any mineral or minerals (exclusive of oil, hydrocarbon gas, and helium) which are found in solution or in association with other geothermal resources and which have a value of less than 75 per centum of the value of the geothermal steam or are not, because of quantity, quality, or technical difficulties in extraction and production, of sufficient value to warrant extraction and production by themselves;

(3) the term “risk” means the hazard that a reservoir of geothermal resources will cease to provide sufficient quantities of geothermal resources at minimum conditions required to maintain an economically or technically via-

¹ So in original. Should be “(42 U.S.C. 1962d-17(a)).”